

BLUE CROSS OF NORTHEAST OHIO
FINANCIAL AND STATISTICAL STATEMENTS
DECEMBER, 1961

BOARDS

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EXHIBIT A

ASSETS

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CASH

Deposits in Commercial Accounts	1,234,567.89
Deposits in Federal Reserve Bank	123,456.78
Deposits in Foreign Banks	56,789.01
Total Cash	1,414,813.68

INVESTMENTS

United States Government Securities	12,345,678.90
Municipal Bonds	5,678,901.23
Corporate Bonds	3,456,789.01
Total Investments	21,481,369.14

RECEIVABLES

Accounts Receivable	1,234,567.89
Notes Receivable	567,890.12
Other Receivables	123,456.78
Total Receivables	1,925,914.79

PROPERTY

Land	1,234,567.89
Buildings	567,890.12
Furniture and Equipment	123,456.78
Other Assets	56,789.01
Total Property	1,982,703.80

LIABILITIES

Accounts Payable	1,234,567.89
Notes Payable	567,890.12
Other Liabilities	123,456.78
Total Liabilities	1,925,914.79

NET ASSETS

Capital	1,234,567.89
Reserves	567,890.12
Other Assets	123,456.78
Total Net Assets	1,925,914.79

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EXHIBIT A

ASSETS
December 31, 1961

CASH

Deposits in Commercial Accounts.....	\$ 3,929,033.82	
Savings Deposits at Interest.....	521,470.04	
On Hand.....	<u>650.00</u>	\$ 4,451,153.86

INVESTMENTS

United States Government Securities.....	17,860,497.20	
Public Utility & Industrial Securities.....	275,586.91	
F.H.A. Insured Mortgages.....	<u>248.61</u>	18,136,332.72

<u>ACCRUED INTEREST</u>		170,384.17
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ACCOUNTS RECEIVABLE

Group Subscribers.....	1,486,849.98	
Medical Mutual of Cleveland, Inc.....	90,217.64	
Ohio Medical Indemnity, Inc.....	16,267.07	
Advances for Other Service Plans.....	67,358.25	
Inter-Plan Service Benefit Bank.....	296,266.34	
Prepaid Premiums - Employees' Retirement Plan..	<u>45,597.05</u>	2,002,556.33

<u>TOTAL ADMITTED ASSETS</u>		<u>\$24,760,427.08</u>
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MEMORANDUM ACCOUNT - NON-ADMITTED ASSET:

Air Travel Deposit.....	<u>\$ 425.00</u>	
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EXHIBIT B

LIABILITIES AND RESERVES

December 31, 1961

UNEARNED INCOME (LEGAL RESERVE)..... \$ 5,460,763.46

DUE HOSPITALS FOR ACCRUED BILLINGS, INCOMPLETE,
UNDISCHARGED AND UNREPORTED CASES..... 7,994,902.56

DUE HOSPITALS FOR ADJUSTED PAYMENTS

Payments (or Refunds) required to adjust
tentative payments to audited rates:

First Half, 1961.....(A) \$2,171,766.98

Last Half, 1961 (Preliminary).....(A) 2,852,000.00

Total Due Hospitals..... 5,023,766.98

ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES

General Accounts Payable..... 70,388.23

Deposit for F.E.P. Claims..... 50,000.00

Unclaimed Checks..... 35,606.72

Ohio Medical Indemnity, Inc..... 9,419.97

U.S. Taxes Withheld from Employees..... 27,528.39

Deposited for Purchase of U.S. Savings Bonds.... 762.59

Federal and State Social Security Taxes..... 10,655.73

Accrued Employees' Compensation..... 20,000.08

Reserve for Employees' Retirement Plan..... 15,000.00

239,361.71

RESERVE FOR CONTINGENCIES..... 6,041,632.37

TOTAL LIABILITIES AND RESERVE..... \$24,760,427.08

Total Persons Protected..... 1,780,567

Contingencies Reserve Per Capita..... \$3.39

Contingencies Reserve In Months of

Hospital and Administrative Expense..... .87

(A) Current Hospital Billings are paid at tentative rates, and Adjusted Payments (or Credits) as shown above at (A) are due at the close of each six-month period to adjust these tentative payments to hospital audited costs of service rendered to Subscribers.

EXHIBIT B

LIABILITIES AND RESERVES December 31, 1961

UNREPAID INCOME TAXES (RESERVE).....	2,400.00
THE HOSPITALS FOR ACCRUED BILLING, TWO MONTHS	
UNREPAID AND UNRECORDED TAXES.....	7,327,000.00
THE HOSPITALS FOR ADDITIONAL PAYMENTS	
Payments (on account) received in advance	
Reimbursement for medical services	
First half, 1961.....	2,111,100.00
Second half, 1961 (estimated).....	2,875,000.00
Total the Hospitals.....	4,986,100.00
ACCOUNTS PAYABLE, ACCRUED ACCOUNTS, AND OTHER LIABILITIES	
General Accounts Payable.....	10,500.00
Deposit for R.R. Claims.....	20,000.00
Unclaimed Checks.....	21,000.00
Ohio Medical Insurance, Inc.....	10,000.00
U.S. Taxes Withheld from Employees.....	27,500.00
Liabilities for Payments of U.S. Savings Bonds.....	400.00
Federal and State Social Security Taxes.....	10,000.00
Accrued Employees Compensation.....	20,000.00
Reserve for Employees Retirement Fund.....	17,000.00
Total.....	123,500.00
RESERVE FOR CONTINGENCIES.....	1,001,000.00
TOTAL LIABILITIES AND RESERVES.....	124,300,400.00
Total Assets Exceeded.....	1,780,000
Contingencies Reserve for Capital.....	20,000
Contingencies Reserve in Health of.....	
Hospital and Administrative Expenses.....	20

(A) Current Hospital Billings are paid at tentative rates, and adjusted payments (as Credits) are shown above at (A) and are the basis of such payments. In order to adjust these tentative payments to hospital audited costs of services rendered no adjustments.

EXHIBIT C

STATEMENT OF INCOME AND EXPENSE
December, 1961

	<u>DECEMBER</u>	<u>FIRST HALF</u>	<u>LAST HALF</u>	<u>YEAR TO DATE</u>
<u>INCOME</u>				
Earned Income from Subscribers.....	\$7,080,041.21	\$40,283,113.41	\$42,305,076.13	\$82,588,189.54
<u>EXPENSE</u>				
Administrative Expense.....	176,872.31	975,226.50	915,353.60	1,890,580.10
	<u>6,903,168.90</u>	<u>39,307,886.91</u>	<u>41,389,722.53</u>	<u>80,697,609.44</u>
<u>HOSPITAL SERVICES</u>				
Estimated Incurred Claims for Hospital Care at Tentative rates.....	6,407,700.00	36,970,662.96	38,216,200.00	75,186,862.96
Adjustment to Estimated Audited Hospital Rates.....	405,200.00	2,171,766.98	2,852,000.00	5,023,766.98
Total Hospital Costs.....	<u>6,812,900.00</u>	<u>39,142,429.94</u>	<u>41,068,200.00</u>	<u>80,210,629.94</u>
Less: Refunds covering Compensation Claims, etc.....	10,329.57	112,611.01	97,427.81	210,038.82
	<u>6,802,570.43</u>	<u>39,029,818.93</u>	<u>40,970,772.19</u>	<u>80,000,591.12</u>
<u>TO CONTINGENCIES RESERVE-FROM SUBSCRIBER INCOME.....</u>	<u>100,598.47</u>	<u>278,067.98</u>	<u>418,950.34</u>	<u>697,018.32</u>
<u>OTHER INCOME AND ADJUSTMENTS</u>				
Income from Investments.....	69,761.49	301,610.68	347,008.20	648,618.88
Alteration Expense.....	607.28	2,715.04	3,599.33	6,314.37
	<u>70,368.77</u>	<u>304,325.72</u>	<u>350,607.53</u>	<u>654,933.25</u>
<u>TO CONTINGENCIES RESERVE.....</u>	<u>\$ 170,967.24</u>	<u>\$ 582,393.70</u>	<u>\$ 769,557.87</u>	<u>\$ 1,351,951.57</u>
<u>ADJUSTMENT TO CONTINGENCIES RESERVE DUE TO DETERMINATION OF ACTUAL HOSPITAL SERVICES INCURRED, 1960.....</u>	<u>-0-</u>	<u>220,043.43</u>	<u>-13,256.12</u>	<u>206,787.31</u>
<u>TOTAL ADDITION TO CONTINGENCIES RESERVE...</u>	<u>\$ 170,967.24</u>	<u>\$ 802,437.13</u>	<u>\$ 756,301.75</u>	<u>\$ 1,558,738.88</u>

EXHIBIT D

ADMINISTRATIVE EXPENSE

December, 1961

<u>EXPENSE</u>	<u>FOR THE MONTH</u>		<u>CUMULATIVE</u>	
	<u>1961</u>	<u>1960</u>	<u>1961</u>	<u>1960</u>
Salaries - General.....	\$116,493.34	\$120,242.25	\$1,495,075.61	\$1,433,814.73
Salaries - Branch Office.....	4,886.51	4,958.43	60,499.67	58,599.58
Travel.....	893.34	574.93	11,910.26	14,697.23
Automobile Expense.....	2,590.83	2,180.34	30,190.33	28,563.43
Rent and Light.....	17,506.19	16,798.16	208,581.89	200,381.87
Association Dues.....	2,929.00	2,936.00	42,835.00	46,686.25
Legal Expense.....	25.00	25.00	17,136.85	11,505.48
Furniture and Equipment.....	6,022.30	6,999.30	34,385.75	34,235.94
Equipment Rental.....	11,985.81	10,454.50	144,794.22	125,487.39
Printing, Stationery & Supplies.	13,694.62	31,269.90	193,496.88	193,413.50
Books and Periodicals.....	427.79	221.24	2,813.71	2,266.52
Postage and Express.....	7,917.15	9,062.68	83,914.60	92,360.42
Telephone and Telegraph.....	6,043.82	6,312.45	75,306.89	76,444.63
Collection (Bank Charges).....	1,988.60	2,446.85	25,815.32	26,794.05
Advertising.....	2,410.78	2,549.60	64,452.39	66,852.72
Insurance - General.....	5.86	5,366.16	15,007.84	11,665.27
Employee Welfare.....	15,245.08	14,624.17	182,060.97	169,606.49
Auditing & Actuarial Services...	750.00	899.43	9,500.00	9,243.49
Auditing - Hospitals.....	10,962.15	8,389.45	99,600.33	85,577.18
Mailing Services.....	1,448.07	940.15	12,612.55	9,988.09
Service Charges-Inter-Plan Bank.	3,795.00	3,399.00	45,631.19	42,564.00
Special Contract Expense.....	312.61	-23.04	2,468.81	744.16
Miscellaneous.....	5,189.56	6,269.64	76,843.41	95,619.54
Citizens' Committee Study.....	-0-	72.81	1,924.05	19,891.06
Hospital Facilities Survey.....	30,000.00	-	30,000.00	-
	<u>\$263,523.41</u>	<u>\$256,969.40</u>	<u>\$2,966,958.52</u>	<u>\$2,857,003.02</u>
Less: Service Charges:				
Medical Mutual of Cleve., Inc...	67,615.48	71,907.65	825,572.26	785,003.36
Ohio Medical Indemnity, Inc....	15,659.79	14,760.25	189,807.91	167,605.38
Inter-Plan Bank.....	2,319.00	2,280.00	27,450.00	25,419.00
Medicare Program.....	222.83	400.00	4,488.07	2,911.88
Federal Employees' Program.....	834.00	2,000.00	29,060.18	4,810.00
	<u>\$ 86,651.10</u>	<u>\$ 91,347.90</u>	<u>\$1,076,378.42</u>	<u>\$ 985,749.62</u>
	<u>\$176,872.31</u>	<u>\$165,621.50</u>	<u>\$1,890,580.10</u>	<u>\$1,871,253.40</u>
Percentage of Expense to Income.....	2.50	2.77	2.29	2.58

EXHIBIT D

ADMINISTRATIVE EXPENSE

January, 1961

EXPENSE	FOR THE MONTH	CUMULATIVE	1960
Salaries - General	10,000.00	41,000.00	11,000.00
Salaries - Research	1,000.00	11,000.00	1,000.00
Travel	1,000.00	12,000.00	1,000.00
Scientific Supplies	1,000.00	13,000.00	1,000.00
Post and Freight	1,000.00	14,000.00	1,000.00
Association Dues	1,000.00	15,000.00	1,000.00
Local Expenses	1,000.00	16,000.00	1,000.00
Printing and Reproduction	1,000.00	17,000.00	1,000.00
Equipment Rental	1,000.00	18,000.00	1,000.00
Insurance - Property & Liability	1,000.00	19,000.00	1,000.00
Books and Periodicals	1,000.00	20,000.00	1,000.00
Postage and Express	1,000.00	21,000.00	1,000.00
Telephone and Telegrams	1,000.00	22,000.00	1,000.00
Collection (Bank Charge)	1,000.00	23,000.00	1,000.00
Advertising	1,000.00	24,000.00	1,000.00
Depreciation - General	1,000.00	25,000.00	1,000.00
Interest - Bank	1,000.00	26,000.00	1,000.00
Building - General	1,000.00	27,000.00	1,000.00
Building - Research	1,000.00	28,000.00	1,000.00
Building - Office	1,000.00	29,000.00	1,000.00
Building - Warehouse	1,000.00	30,000.00	1,000.00
Building - Garage	1,000.00	31,000.00	1,000.00
Building - Shop	1,000.00	32,000.00	1,000.00
Building - Kitchen	1,000.00	33,000.00	1,000.00
Building - Bath	1,000.00	34,000.00	1,000.00
Building - Laundry	1,000.00	35,000.00	1,000.00
Building - Storage	1,000.00	36,000.00	1,000.00
Building - Office	1,000.00	37,000.00	1,000.00
Building - Research	1,000.00	38,000.00	1,000.00
Building - Office	1,000.00	39,000.00	1,000.00
Building - Research	1,000.00	40,000.00	1,000.00
Building - Office	1,000.00	41,000.00	1,000.00
Building - Research	1,000.00	42,000.00	1,000.00
Building - Office	1,000.00	43,000.00	1,000.00
Building - Research	1,000.00	44,000.00	1,000.00
Building - Office	1,000.00	45,000.00	1,000.00
Building - Research	1,000.00	46,000.00	1,000.00
Building - Office	1,000.00	47,000.00	1,000.00
Building - Research	1,000.00	48,000.00	1,000.00
Building - Office	1,000.00	49,000.00	1,000.00
Building - Research	1,000.00	50,000.00	1,000.00
Building - Office	1,000.00	51,000.00	1,000.00
Building - Research	1,000.00	52,000.00	1,000.00
Building - Office	1,000.00	53,000.00	1,000.00
Building - Research	1,000.00	54,000.00	1,000.00
Building - Office	1,000.00	55,000.00	1,000.00
Building - Research	1,000.00	56,000.00	1,000.00
Building - Office	1,000.00	57,000.00	1,000.00
Building - Research	1,000.00	58,000.00	1,000.00
Building - Office	1,000.00	59,000.00	1,000.00
Building - Research	1,000.00	60,000.00	1,000.00
Building - Office	1,000.00	61,000.00	1,000.00
Building - Research	1,000.00	62,000.00	1,000.00
Building - Office	1,000.00	63,000.00	1,000.00
Building - Research	1,000.00	64,000.00	1,000.00
Building - Office	1,000.00	65,000.00	1,000.00
Building - Research	1,000.00	66,000.00	1,000.00
Building - Office	1,000.00	67,000.00	1,000.00
Building - Research	1,000.00	68,000.00	1,000.00
Building - Office	1,000.00	69,000.00	1,000.00
Building - Research	1,000.00	70,000.00	1,000.00
Building - Office	1,000.00	71,000.00	1,000.00
Building - Research	1,000.00	72,000.00	1,000.00
Building - Office	1,000.00	73,000.00	1,000.00
Building - Research	1,000.00	74,000.00	1,000.00
Building - Office	1,000.00	75,000.00	1,000.00
Building - Research	1,000.00	76,000.00	1,000.00
Building - Office	1,000.00	77,000.00	1,000.00
Building - Research	1,000.00	78,000.00	1,000.00
Building - Office	1,000.00	79,000.00	1,000.00
Building - Research	1,000.00	80,000.00	1,000.00
Building - Office	1,000.00	81,000.00	1,000.00
Building - Research	1,000.00	82,000.00	1,000.00
Building - Office	1,000.00	83,000.00	1,000.00
Building - Research	1,000.00	84,000.00	1,000.00
Building - Office	1,000.00	85,000.00	1,000.00
Building - Research	1,000.00	86,000.00	1,000.00
Building - Office	1,000.00	87,000.00	1,000.00
Building - Research	1,000.00	88,000.00	1,000.00
Building - Office	1,000.00	89,000.00	1,000.00
Building - Research	1,000.00	90,000.00	1,000.00
Building - Office	1,000.00	91,000.00	1,000.00
Building - Research	1,000.00	92,000.00	1,000.00
Building - Office	1,000.00	93,000.00	1,000.00
Building - Research	1,000.00	94,000.00	1,000.00
Building - Office	1,000.00	95,000.00	1,000.00
Building - Research	1,000.00	96,000.00	1,000.00
Building - Office	1,000.00	97,000.00	1,000.00
Building - Research	1,000.00	98,000.00	1,000.00
Building - Office	1,000.00	99,000.00	1,000.00
Building - Research	1,000.00	100,000.00	1,000.00

